

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 26, 2011
POSITION: Neutral
SPONSOR: Oakland Unified School District

BILL NUMBER: AB 677
AUTHOR: N. Skinner
RELATED BILLS: SB 39 (2003)

BILL SUMMARY: Oakland School District: Sale of Surplus Property

The bill, from January 1, 2012 to June 30, 2016, would authorize the Oakland Unified School District (OUSD) to sell surplus district property and use the proceeds to reduce its outstanding emergency loan. This bill would also prohibit OUSD from receiving financial hardship assistance for school facility construction under the State School Facility Program.

FISCAL SUMMARY

This bill would not result in any additional costs to the state. However, by reauthorizing the OUSD to sell surplus property, which the OUSD was previously authorized to do from June 1, 2003 to June 30, 2007, this bill, would provide the district with additional resources to retire their emergency loan debt to the state.

COMMENTS

The Department of Finance is neutral on this bill for the following reason:

- This bill would assist OUSD in retiring their emergency loan debt to the state by reauthorizing the OUSD's flexibility to sell surplus property and use the proceeds to reduce its outstanding emergency loan.
- Chapter 147 of the Statutes of 2010 provided the Vallejo City Unified School District with identical flexibility to sell district property and use the proceeds to reduce its outstanding emergency loan proposed in this bill. We would note, this legislation would provide the OUSD with an additional year and a half, from January 1, 2014 to June 30, 2016, to sell surplus district owned property and use the proceeds toward repaying their emergency loan.

Chapter 14, Statutes of 2003, SB 39 (Perata) appropriated \$100 million as an emergency loan to the OUSD and authorized the school district to sell surplus property between June 1, 2003 and June 30, 2007. The proceeds from the sale of property were to be used by the district to reduce or retire the emergency loan. This bill would reauthorize the OUSD to sell property and use the proceeds to reduce its emergency loan from January 1, 2012 to June 30, 2016. In addition, Chapter 2, Statutes of 2009 of the Fourth Extraordinary Session, provides all school districts with the flexibility to sell surplus property not purchased with state funds and use sale proceeds for any one-time general fund purpose through January 1, 2012. Chapter 7 of the Statutes of 2011 extended the flexibility to sell surplus property not purchased with state funds and use proceeds for any one-time general fund purpose through January 1, 2014.

Analyst/Principal (0341) T. Todd	Date	Program Budget Manager Nick Schweizer	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

N. Skinner

April 26, 2011

AB 677

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
6110/Dept of Educ	LA	No	-----	See Fiscal Summary				-----	0001